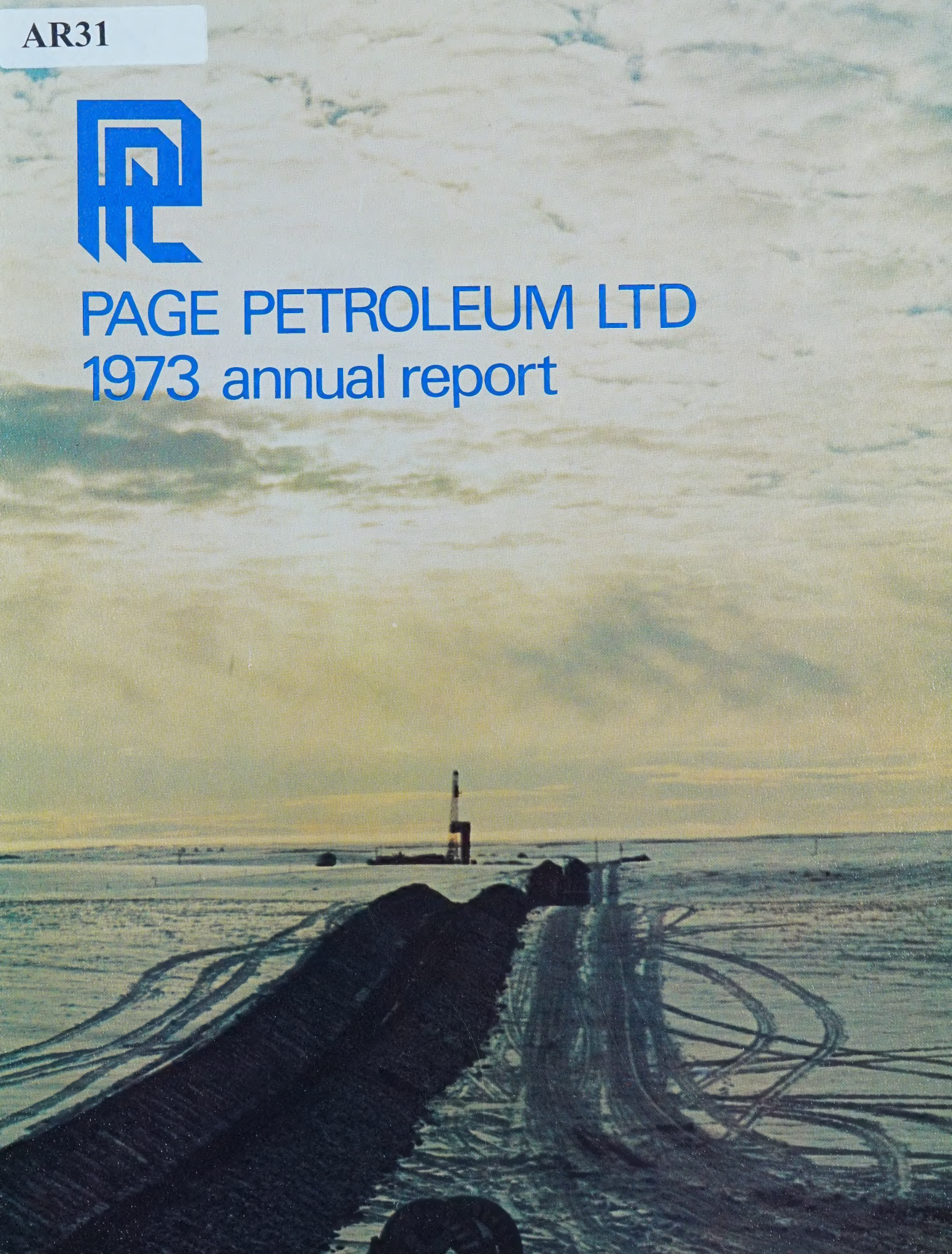


AR31



PAGE PETROLEUM LTD

1973 annual report





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The Board of Directors seated from left to right: Brian G. McCombe, Lawton L. Clark, C. Derek Gould, George W. Oughtred.

FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL	1973	1972 (restated)
Gross Income	\$ 455,378	\$ 381,935
Sales of Oil and Gas	\$ 367,732	\$ 278,764
Drilling Arrangements	\$ 73,886	\$ 91,104
Net Earnings	\$ 51,239	\$ 85,297
Per Common Share	\$.04	\$.07
Funds Generated From Operations	\$ 177,619	\$ 196,677
Per Common Share	\$.13	\$.15
Working Capital (Deficiency) December 31	\$(109,232)	\$ 109,386
Long Term Debt	\$ 887,500	\$ 158,000

OPERATING	1973	1972
Gross Oil Production (barrels)	142,678	116,331
Per Day	391	319
Net Oil Production (barrels) Per Day	103,122	91,926
Net Gas Production (MCF) .. Per Day	81,992	51,120
Net Oil Reserves After Royalties Proven and Probable (barrels)	2,791,000	2,549,000
Net Gas Reserves After Royalties Proven and Probable (MCF)	2,540,000	1,914,000



TO THE SHAREHOLDERS:

We are pleased to present the third annual report for Page Petroleum Ltd. The Company is the result of the amalgamation on August 13, 1971, of Berkley Oil and Gas Ltd. and Canadian Fortune Oil Ltd. Page is primarily engaged in oil and gas exploration in western Canada. In addition, the Company has holdings in the United States, the North Sea, the Arctic Islands, and other areas of the world.

Gross operating income in 1973 increased to \$455,378 from \$381,935 in 1972. Funds generated from operations amounted to \$177,619 against \$196,677 the previous year. The Company's net earnings after provision for deferred income taxes totalled \$51,239, or 4 cents per share, compared with restated net income of \$85,297, or 7 cents per share, in 1972. The decrease in net income is chiefly attributable to higher depletion charges and increased administrative costs.

Page participated in the drilling of 46 wells, of which 24 were completed as oil wells and 2 as gas wells. Exploratory drilling resulted in one minor gas discovery and two marginal oil discoveries.

The Company now has its first production in the United States as a result of Page's participation in the drilling of 13 oil wells in the Spraberry trend area of Reagan and Irion Counties, Texas. Two additional proven locations will be drilled in early 1974 at which time Page's interest will be equivalent to 2.75 net wells. Due to a shortage of tubular goods, and consequent delays in completing the wells, full production will not be achieved until late summer. We project that at that time Page's monthly production income will be approximately twice the present rate.

In the Canadian Arctic the Company participated for very small interests in three wells. Two were dry and the third, Panarctic et al Drake Point D-68, is still being evaluated after reaching a total depth of 17,766 feet.

In September of 1973 the Company sold \$500,000 of Convertible Debentures. The issue was a private placement underwritten by Peters, Hugo & Co. The debentures bear interest at 7% and are convertible into Page stock at \$2.50 per share for the first four years, \$3.25 the fifth year and \$4.00 the sixth and final year.

We are pleased to note the more realistic gas prices now being paid in Alberta and British Columbia. We anticipate higher prices for oil as well, and a resolution of the current controversy over royalties and taxes. For Page, 1974 should be a year of progress in all phases of the Company's operations. We particularly look forward to greatly increased oil and gas income and the resumption of a favourable earnings trend.

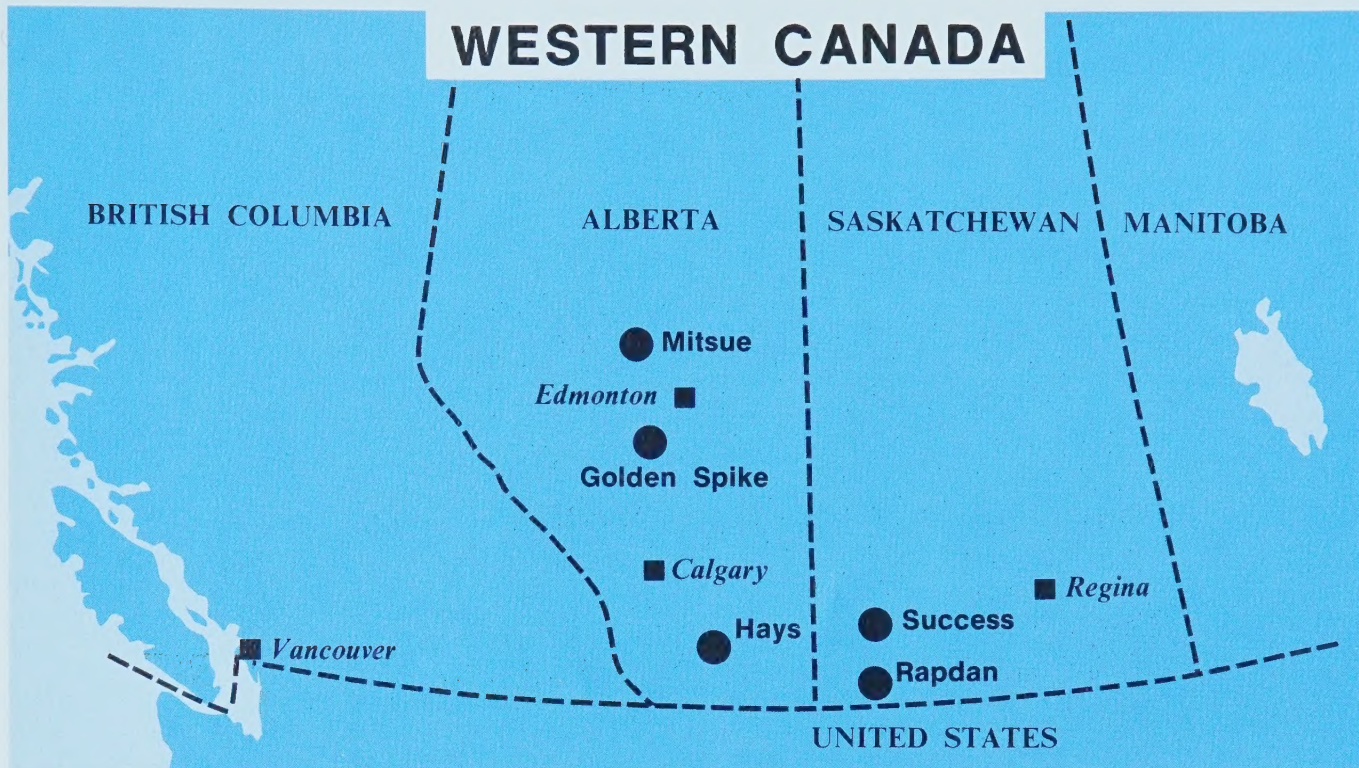
The Board of Directors gratefully acknowledges the services of Mr. Harold E. Hunt of Calgary who resigned from the Board in September, 1973, after serving as a director since 1970. Mr. George W. Oughtred of Toronto was elected as director to fill the vacancy created by Mr. Hunt's resignation.

Submitted on behalf of the Board of Directors:



March 15, 1974.

President



EXPLORATION AND DEVELOPMENT

During 1973 Page participated in 32 wells in Canada and 14 in the United States. The major portion of the Company's activities are in the established producing areas of western Canada and, more recently, West Texas. Page has continued to increase its land holdings and drilling activity in these areas.

Western Canada

Page participated in 29 wells in western Canada in 1973, resulting in 11 oil completions, 2 gas completions, 2 service wells and 14 abandonments.

Fifteen exploratory wells resulted in one small dual-zone gas and oil discovery and two marginal oil discoveries. In Saskatchewan, Page had a 5% interest in the Ashland Success 10-6-17-16 W3 well which tested both oil and gas. It also had a 5% interest in the Ashland Antelope 6-33-15-18 W3 well which was completed as an oil well, but was shown by subsequent production tests to be non-commercial. In Alberta, the Company had a 40% interest in the Page et al Hays 14-20-13-13 W4 well which was completed as an oil well. The first followup well at Hays was abandoned and subsequent drilling will depend on further geological studies.

Injector and water-source wells were drilled at West Rapdan, Saskatchewan, where Page is operator. A waterflood system has now been installed and should enhance recoveries. In Alberta, in the Mitsue Gilwood Sand Unit #1, nine infill wells were drilled and completed as oil wells.

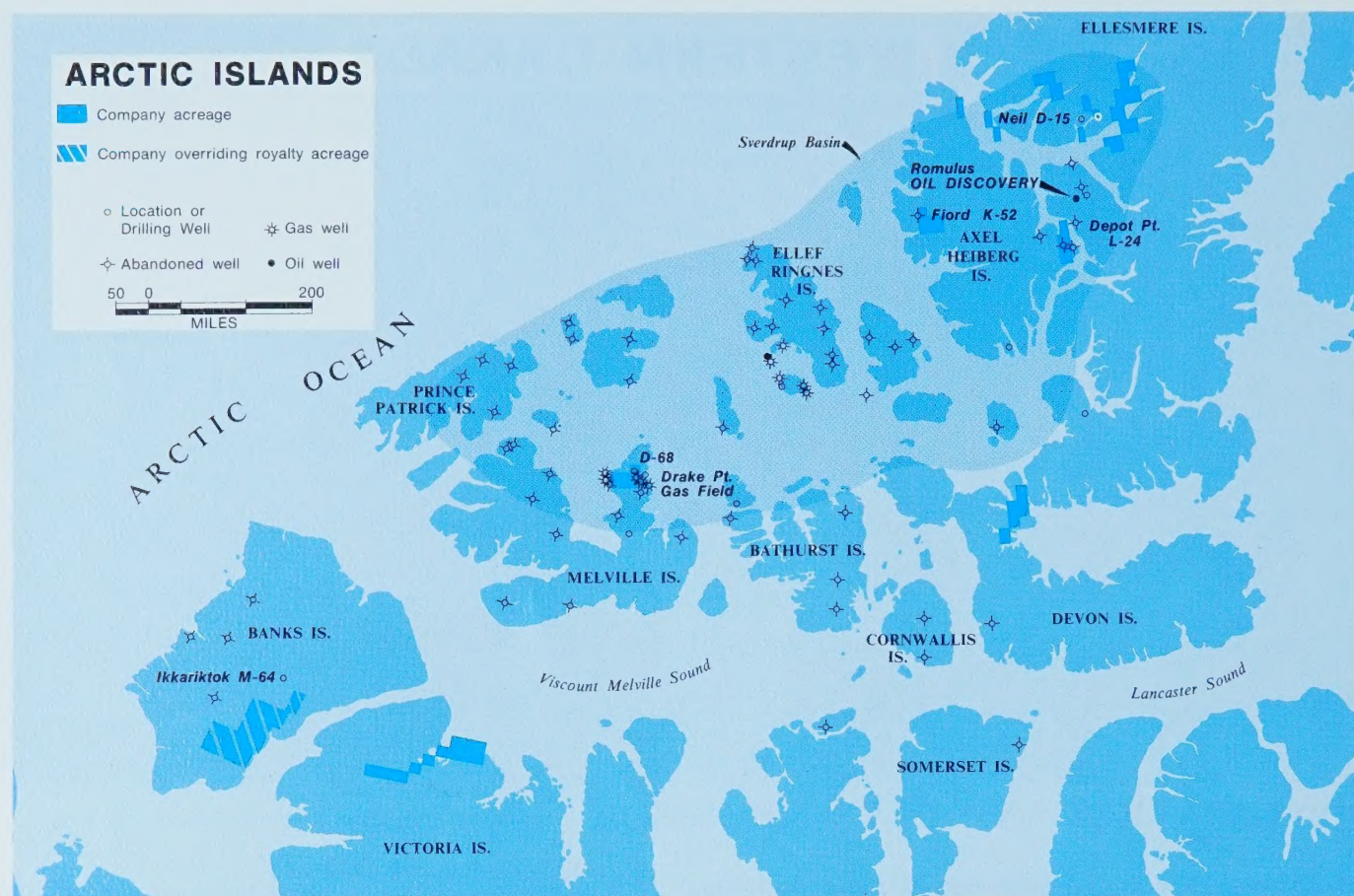
Canadian Arctic Islands

Page participated in three Arctic wells in 1973. Horn River et al Depot Point L-24 was abandoned at a depth of 13,501 feet. Horn River et al Middle Fiord K-52, though still drilling at year-end, was abandoned in January at a depth of 6,526 feet. Panarctic et al Drake Point D-68, the deepest well in the Arctic, was drilled on a very large seismic feature which had been proven productive in certain upper zones by earlier drilling. The well reached rig capacity of 17,766 feet without penetrating the objective Devonian formations. Testing of prospective zones in the well is still under way. Page earned a 1% interest in the Permian and deeper zones under 240,000 acres surrounding the well. Drilling credits earned through our expenditures at Drake Point have been used to acquire a working interest averaging 8.5% in 998,000 gross permit acres on Victoria Island. Sufficient credits were earned to fulfill work requirements on these permits until 1980.

The Gulf et al Neil O-15 is now drilling near a large block of Page's Arctic holdings. This proposed 8,000 foot test is about 60 miles north of the 1972 Romulus oil discovery. A 10,000 foot well, Columbia et al Ikkariktok M-64, is to be drilled about 20 miles west of our overriding royalty holdings on Banks Island.

United Kingdom and Ireland

Page is active in the United Kingdom and its offshore waters through its wholly-owned subsidiary, Page Petroleum (U.K.) Limited (formerly Berkley Petroleums (U.K.) Limited).



The Company holds interests in eight production licences covering over 1,302,100 acres in the following areas:

	Blocks	Gross Acres	Page Working Interest
Offshore:	North Sea		
	43/13b, 43/17b, 43/18b	91,500	53 1/3%
	29/8b, 29/9b	50,500	3%
West Shetland	166/20, 202/11, 202/16, 203/3	207,400	3%
Celtic Sea	92/14, 92/15, 93/8, 93/12, 93/13, 102/20, 103/11, 103/16	515,100	3%
Onshore:			
Southwestern England	Lic. 128	110,700	10%
	Lic. 129	113,900	10%
	Lic. 130	111,200	100%
	Lic. 131	101,800	100%

Onshore, a seismic survey was run by others on our Licences 128 and 129 ①. This group drilled Seaborough #1, an exploratory well abandoned at 6,229 feet early in 1974. In addition, the Company supported, with a land option, the drilling of a deep exploratory well just to the west of Licence 128. This well was abandoned in December. Late in 1973 British Petroleum drilled a discovery well 25

miles east of Licence 128. Production is reported to be 300 barrels of oil per day.

Geological studies indicate the presence of a large structure on our onshore Licences 130 and 131 ② in the Worcester Basin. A seismic survey and a well are planned on these licences in 1974.

Offshore, seismic surveys indicate a "bright spot" on our holdings in Block 43 ③. A "bright spot" can be an indicator of gas; however, further seismic will be required to delineate this prospect. A neighbouring operator has announced plans to drill a well during 1974 offsetting Page's holdings in Block 43/13.

Preliminary seismic surveys indicate several promising structures on our interests in Block 29 ④. Additional seismic will be required prior to drilling. This licence is approximately 25 miles west of several large oil and gas fields.

Regional seismic surveys on our West Shetland ⑤ and Celtic Sea ⑥ licences indicate complex geological conditions. Drilling in these areas by others is expected during 1974.

Page has a 6.25% interest in a consortium of Irish, Canadian and American companies formed to explore for oil and gas on the Irish Continental Shelf ⑦. The consortium will apply for exploration licences from the government of Ireland covering several large structures. Considerable competition is expected for these rights.

UNITED KINGDOM
NORTH SEA

- Company Acreage
- Non exclusive license
- Oil pools
- Gas pools





United States

Through its wholly-owned subsidiary, Page Petroleum Inc., the Company participated in the drilling of 14 wells in 1973. Thirteen of these were development oil wells on two leases in the Spraberry trend area of Reagan and Irion Counties, Texas. Two additional proven locations will be drilled in early 1974 at which time Page's interest will be equivalent to 2.75 net wells. The current shortage of tubular goods will delay full production from these leases until late in the third quarter. Page currently realizes approximately \$11.00 per net barrel of Spraberry production taking into account oil at \$10.11 per barrel and casinghead gas at 48¢ per MCF.

The Company participated in an 8,775 foot stepout well at West Napoleonville Dome in Assumption Parish, Louisiana. The well was dry; however, a reinterpretation of the geology indicates that a portion of our 800-acre lease may still have merit. A farmout of the Company's 25% interest is under consideration.

In West Texas, the Company is participating in the deep Delaware Basin play through the purchase of royalty interests. In Ward County, Page

owns interests under one drilling well (West Block 16 Field) and under a lease in the East Quito area offsetting a very sizeable dual-zone gas discovery.

Alaska

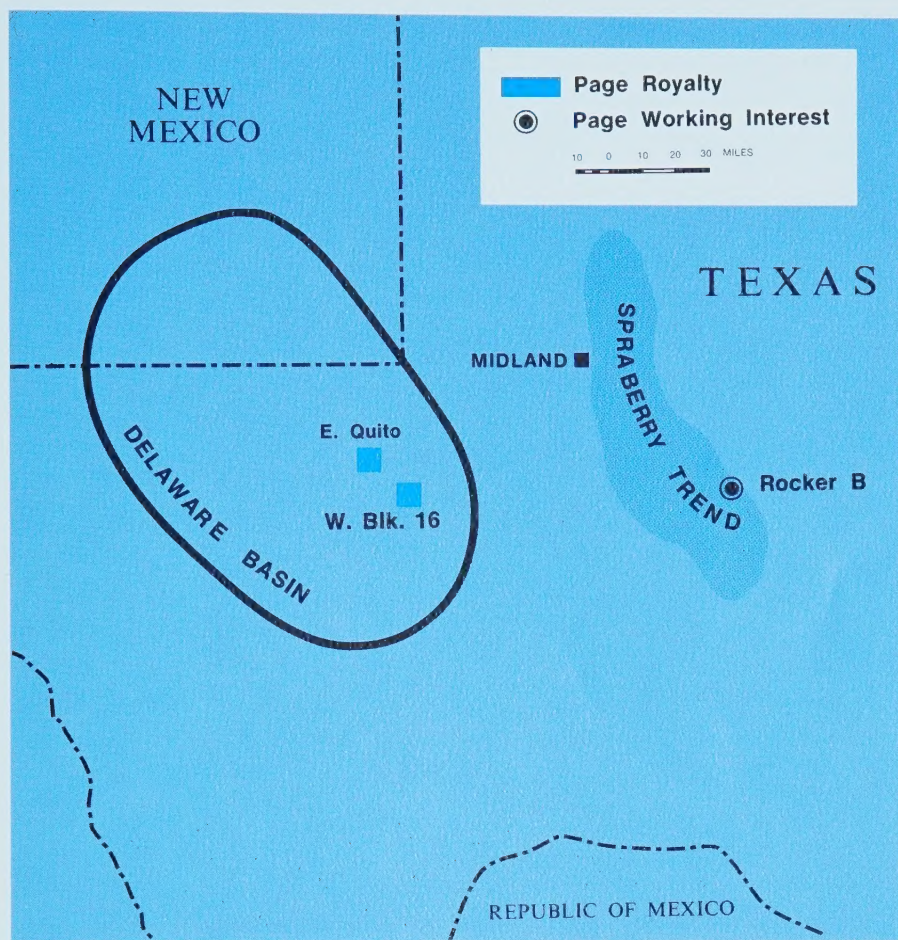
The Company has a 12½% interest in applications for 236,194 acres of Federal leases. Of special interest is the application for a 22,630 acre block on a large structure about 40 miles from a reported major discovery on the Alaska peninsula. Leases will not be granted until settlement of a current federal and state dispute.

Italy

The Company has an overriding royalty interest of 0.75% in two offshore exploratory permits in the Italian Adriatic. A well drilled on a large seismic structure on one of these permits failed to find commercial oil or gas and was abandoned. A seismic program is planned by the operator on the second permit.

Spain

Page and partners applied for Spanish offshore exploration concessions in 1973, but the applications were unsuccessful.



LAND

At year-end, the Company had an interest in 4,891,706 gross acres as summarized below:

	Working Interest		Royalty Interest
	(Gross Acres)	(Net Acres)	(Gross Acres)
Western Canada . . .	76,962	30,332	58,214
Arctic Islands	2,276,403	253,046	903,517
Alaska	236,834	30,164	—
United States	3,200	640	2,560
United Kingdom			
(onshore)	437,613	235,461	—
United Kingdom			
(offshore)	864,569	71,989	—
Italian Adriatic	—	—	31,834
	<u>3,895,581</u>	<u>621,632</u>	<u>996,125</u>

PRODUCTION

In 1973 the Company produced 103,122 barrels of oil after royalties, yielding net revenue of \$362,904. Net daily production was 283 barrels per day, up from 258 for 1972. Gas production in 1973 was minimal, totalling 82 MMCF for the year.

Prices realized for the Company's oil production vary widely from region to region. In January, 1974, at West Rapdan in Saskatchewan, oil sold for \$3.07 per barrel; at Mitsue, Alberta, \$4.00 per barrel; and at our Spraberry leases in Texas, \$10.11 per barrel.

RESERVES

NET AFTER ROYALTIES EFFECTIVE JAN. 1, 1974. (as of independent engineers' report)

	Jan. 1 1974	Jan. 1 1973
OIL (in barrels)		
Proven Developed	2,138,000	1,642,000
Probable	<u>653,000</u>	<u>907,000</u>
Total Proven and Probable . .	<u>2,791,000</u>	<u>2,549,000</u>
GAS (in MCF)		
Proven Developed	2,140,000	1,435,000
Probable	<u>400,000</u>	<u>479,000</u>
Total Proven and Probable . .	<u>2,540,000</u>	<u>1,914,000</u>

CONSOLIDATED STATEMENT OF INCOME

Year Ended December 31, 1973

	<u>1973</u>	<u>1972</u> Restated
INCOME		
Oil and gas sales, net of royalties	\$367,732	\$278,764
Drilling arrangements and other fees	73,886	91,104
Investment and other income	13,760	12,067
	<u>455,378</u>	<u>381,935</u>
EXPENSES		
Production	46,605	32,991
General and administrative	197,586	138,349
Interest	33,568	13,918
	<u>277,759</u>	<u>185,258</u>
FUNDS GENERATED FROM OPERATIONS	<u>177,619</u>	<u>196,677</u>
DEPRECIATION	16,414	14,766
DEPLETION	81,218	51,555
AMORTIZATION OF DEFERRED FINANCING CHARGES	4,782	—
GAIN ON SALE OF FIXED ASSETS	(405)	—
	<u>102,009</u>	<u>66,321</u>
INCOME BEFORE INCOME TAX	<u>75,610</u>	<u>130,356</u>
INCOME TAXES — DEFERRED (Note 6)	24,371	45,059
NET INCOME (Note 6)	<u>\$ 51,239</u>	<u>\$ 85,297</u>
NET INCOME PER COMMON SHARE (Notes 6 & 9)	<u>\$.04</u>	<u>\$.07</u>

See Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year Ended December 31, 1973

	<u>1973</u>	<u>1972</u> Restated
Retained earnings (deficit), beginning of year as previously reported	\$ 71,609	\$(58,747)
Retroactive adjustment in respect to provision for deferred income taxes (Note 6)	(65,182)	(20,123)
As restated	6,427	(78,870)
Net income (Note 6)	51,239	85,297
Retained earnings, end of year	<u>\$ 57,666</u>	<u>\$ 6,427</u>

See Notes to the Consolidated Financial Statements.

AUDITORS' REPORT

To The Shareholders
Page Petroleum Ltd.

We have examined the consolidated balance sheet of Page Petroleum Ltd. and subsidiary companies as at December 31, 1973 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company and subsidiary companies as at December 31, 1973 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the retroactive change (with which we concur) in the method of accounting for deferred income taxes as outlined in Note 6.

Calgary, Alberta
March 7, 1974

COLLINS LOVE EDDIS VALIQUETTE & BARROW
Chartered Accountants

CONSOLIDATED BALANCE SHEET

December 31, 1973

	<u>1973</u>	<u>1972</u> Restated
ASSETS		
CURRENT ASSETS		
Cash	\$ 38,189	\$ 28,712
Marketable securities at lower of cost or market price (cost \$16,326; 1972 \$30,861)	14,701	29,813
Accounts receivable	473,649	383,503
Inventory at cost	7,009	—
Prepaid expenses	9,818	2,895
	<u>543,366</u>	<u>444,923</u>
PROPERTY, PLANT AND EQUIPMENT — NET (Note 4)	<u>2,301,835</u>	<u>1,266,279</u>
OTHER ASSETS		
Drilling and exploration deposits	50,991	33,291
Unamortized deferred financing charges (Note 5)	55,922	—
Investment in limited partnership (Note 3)	33,275	27,685
	<u>140,188</u>	<u>60,976</u>
	<u><u>\$2,985,389</u></u>	<u><u>\$1,772,178</u></u>

Approved on behalf of the Board

LAWTON L. CLARK, Director

C. D. GOULD, Director

See Notes to the Consolidated Financial Statements.

	<u>1973</u>	<u>1972</u> Restated
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank operating loan, secured	\$ —	\$ 75,000
Accounts payable and accrued liabilities	562,598	235,337
Current portion of long term debt	90,000	25,200
	<u>652,598</u>	<u>335,537</u>
LONG TERM DEBT (Note 5)		
Bank production loan, secured	482,500	183,200
Less: Portion due within one year	90,000	25,200
	<u>392,500</u>	<u>158,000</u>
7% Convertible subordinated debentures	495,000	—
	<u>887,500</u>	<u>158,000</u>
DEFERRED INCOME TAXES (Note 6)	<u>89,553</u>	<u>65,182</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 8)		
Authorized		
5,000,000 common shares without par value		
Issued		
1,380,718 shares (1,272,053 shares in 1972)	1,209,927	956,721
Less: unpaid subscriptions	162,166	—
	<u>1,047,761</u>	<u>956,721</u>
Contributed surplus	250,311	250,311
Retained earnings	57,666	6,427
	<u>1,355,738</u>	<u>1,213,459</u>
	<u><u>\$2,985,389</u></u>	<u><u>\$1,772,178</u></u>

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1973

	<u>1973</u>	<u>1972</u> Restated
SOURCE OF FUNDS		
Funds generated from operations	\$ 177,619	\$196,677
Sale of interests in properties	18,286	140,143
Sale of convertible debentures	500,000	—
Issuance of capital stock	86,040	6,749
Increase in production loan — net of repayments	234,500	116,035
	<u>\$1,016,445</u>	<u>\$459,604</u>
APPLICATION OF FUNDS		
Additions to property, plant and equipment	\$1,151,069	\$421,074
Investment in limited partnership	5,590	25,623
Increase (decrease) in drilling and exploration deposits	17,700	(13,210)
Deferred financing charges	60,704	—
	<u>\$1,235,063</u>	<u>\$433,487</u>
 INCREASE (DECREASE) IN WORKING CAPITAL	 \$ (218,618)	 \$ 26,117
WORKING CAPITAL, BEGINNING OF YEAR	\$ 109,386	\$ 83,269
WORKING CAPITAL (DEFICIENCY), END OF YEAR	<u>\$ (109,232)</u>	<u>\$109,386</u>

See Notes to the Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1973

1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Page Petroleum Ltd. and its wholly owned subsidiaries. Where the purchase price of shares of subsidiaries exceeded their net book values the excess has been allocated to the related assets acquired and additional depreciation has been provided accordingly.

2. ACCOUNTING POLICIES

The Company follows the full cost method of accounting for its operations wherein all costs relative to the exploration for and development of oil and gas reserves are capitalized. Such costs include land acquisition costs, geological and geophysical expenditures, carrying charges of non-producing properties, costs of drilling both productive and non-productive wells and administrative expenses related to exploration and development activities. Proceeds on disposal of properties are ordinarily deducted from accumulated costs without recognition of profit or loss. The above costs are accumulated in three major cost centres, Canada, the United States and Northwestern Europe. Costs associated with Canadian operations are depleted using the unit of production method based on estimated recoverable Canadian reserves. Depreciation on production equipment is also provided on the unit of production method.

With respect to operations in foreign countries, the Company has deferred all costs pending the results of exploration still in progress in these areas. These costs will be depleted on the unit of production basis as and when reserves are discovered or charged to income (included in depletion) if the exploration projects are determined to be unsuccessful. Depreciation of other equipment is computed on the diminishing balance basis at rates varying from 10% to 30%.

On December 31, 1973 the Company retroactively adopted the tax allocation basis of accounting in respect to all timing differences between net income and taxable income as more fully explained in note 6.

3. LIMITED PARTNERSHIP

The Company is the sole general partner of Berkley '71 Company, a limited partnership formed pursuant to the laws of the Province of Alberta, Canada, for the purpose of exploring for oil and gas.

The Limited Partnership agreement provides that the Company, as general partner, is required to pay all of the tangible costs on initial wells and up to 30% of all other costs incurred on subsequent wells.

Income from producing wells and proceeds from the sale of properties will be credited 70% to the limited partners and 30% to the Company, as general partner.

The Company's investment in the limited partnership is reflected on the equity basis.

4. PROPERTY, PLANT AND EQUIPMENT

	<u>Assets at Cost</u>	<u>Accumulated Depletion and Depreciation</u>	<u>Net</u>
Petroleum and natural gas leases and rights including exploration and development costs thereon:			
Canada	\$1,925,887	\$300,517	\$1,625,370
United States	381,480	—	381,480
Northwestern Europe	118,751	—	118,751
	<u>2,426,118</u>	<u>300,517</u>	<u>2,125,601</u>
Production equipment	229,258	99,035	130,223
Sundry	83,562	37,551	46,011
	<u>\$2,738,938</u>	<u>\$437,103</u>	<u>\$2,301,835</u>
Total Dec. 31, 1973	<u>\$1,608,519</u>	<u>\$342,240</u>	<u>\$1,266,279</u>
Total Dec. 31, 1972	<u>\$1,608,519</u>	<u>\$342,240</u>	<u>\$1,266,279</u>

5. LONG TERM DEBT

	<u>1973</u>	<u>1972</u>
Bank production loan	\$392,500	\$158,000
7% Convertible subordinated debentures due August 1, 1979	495,000	—
	<u>\$887,500</u>	<u>\$158,000</u>

The bank production loan is secured by a general assignment of accounts receivable and certain specific oil and gas properties, and is repayable from proceeds of production in monthly installments of approximately \$7,500.

The debentures are secured by way of a floating charge in favour of the trustee on all of the Company's assets and undertakings.

The indebtedness evidenced by the debentures is subordinate to the prior payment in full of the senior indebtedness of the Company which at December 31, 1973 was comprised of the bank production loan.

The debentures are convertible into common shares of the Company at the following prices:

\$2.50 per share — August 1, 1973 - August 1, 1977
\$3.25 per share — August 2, 1977 - August 1, 1978
\$4.00 per share — August 2, 1978 - August 1, 1979

Sinking fund payment requirements on the debentures during the next five years are as follows: 1974 — Nil; 1975 — Nil; 1976 — \$125,000; 1977 — \$125,000; 1978 — \$125,000.

Interest expense of \$33,568 includes interest of \$27,374 on the above long term debt and other interest charges of \$6,194.

Deferred finance charges of \$60,704 are being amortized on a straight line basis over the term of the debenture issue.

6. INCOME TAXES

For income tax purposes the Company can deduct various exploration and development costs and capital cost allowances in amounts which differ from amounts recorded in the accounts. By following this procedure the Company can defer, until some future date, income taxes which would otherwise be payable on income recorded in the accounts. For all fiscal periods prior to 1973 the Company did not provide for deferred income taxes.

Effective January 1, 1973 the Company, in accordance with the recommendations of the Canadian Institute of Chartered Accountants, has retroactively adopted the tax allocation basis of accounting for income taxes. Accordingly, the balance of retained earnings at January 1, 1973 has been restated from the amounts previously reported to reflect the retroactive charge of \$65,182 for deferred income taxes. Of this amount, \$45,059 is applicable to 1972 and has been reflected as a provision for deferred income tax for that year; the balance of \$20,123 is applicable to the years prior to 1972 and has been charged to retained earnings as at January 1, 1972. Net earnings for 1972 are now reported as \$85,297 (\$.07 per common share) as compared with the previously reported earnings of \$130,356 (\$.10 per common share). After providing for deferred income taxes of \$24,371 with respect to 1973 operations, net earnings for the year were \$51,239 (\$.04 per common share). On the previous basis of accounting for income taxes, net earnings for 1973 would have been \$75,610 (\$.06 per common share).

7. COMMITMENTS AND GUARANTEES

The Companies are committed for work performance on certain oil and gas exploratory permits in the amount of \$38,422. These commitments are secured by notes issued by the Companies and guaranteed by their bankers.

8. CAPITAL STOCK

Common shares issued during the year ended December 31, 1973 were as follows:

	<u>Shares</u>	<u>Value</u>
Exercise of stock options for cash	24,166	\$ 56,040
Exercise of stock options for notes	37,499	102,166
Share purchase agreement	45,000	90,000
Conversion of 7% convertible subordinated debentures	2,000	5,000
	<u>108,665</u>	<u>\$ 253,206</u>

On May 26, 1972 the Company and a senior officer entered into a share purchase agreement in which the Company agreed to sell 45,000 shares at \$2.00 per share, payable in three equal annual installments with interest at 6% on the unpaid balance. Upon ratification of the agreement by the shareholders at the 1973 annual meeting, the shares were issued on May 4, 1973. If the payments are not made, the Company's right is limited to cancellation of the unpaid shares. The first annual installment of \$30,000 was received in July, 1973 and the balance owing of \$60,000 is included in unpaid subscriptions.

To enable senior officers to exercise their stock options in 1973, the Company loaned them \$102,166 on 4% promissory notes repayable in annual installments over a five year period. The balance owing is included in unpaid subscriptions.

Outstanding stock option and debenture conversion privileges at December 31, 1973:

- i) Stock options
36,669 shares ranging in exercise price from \$2.62 to \$3.45 per share, expiring in periods from August 19, 1974 to July 23, 1976.
- ii) Conversion of 7% Convertible Subordinated Debentures
198,000 shares @ \$2.50 per share expiring August 1, 1977. (Note 5).

9. NET INCOME PER COMMON SHARE

Net income per common share is based on the weighted average number of Common Shares outstanding during the period which at December 31, 1973 numbered 1,344,191 (1972 — 1,269,449). If all the 7% convertible subordinated debentures had been converted to Common Shares, there would have been no dilution in net earnings per common share.

10. EXECUTIVE REMUNERATION

The total remuneration paid to directors and senior officers of the Companies (defined by the Alberta Securities Act as the five highest paid employees) amounted to \$102,545.

Officers

LAWTON L. CLARK, President
C. DEREK GOULD, Vice President
BRIAN G. McCOMBE, Secretary

Directors

LAWTON L. CLARK
President, Page Petroleum Ltd.
Amarillo, Texas
C. DEREK GOULD
Vice President, Page Petroleum Ltd.
Calgary, Alberta
GEORGE W. OUGHTRED
Investment Counsel
Toronto, Ontario
BRIAN G. McCOMBE
Barrister and Solicitor, McLaws & Company
Calgary, Alberta

Capitalization

Authorized 5,000,000 common shares,
No Par Value
Issued Capital — 1,380,718 shares

Registered Office

200 Bradie Building
630 - 6th Avenue South West
Calgary, Alberta
T2P 0S8

Transfer Agent and Registrar

The Canada Trust Company
Calgary and Toronto

Auditors

Collins Love Eddis Valiquette & Barrow
Second Floor, Pacific 66 Plaza
700 - 6th Avenue South West
Calgary, Alberta
T2P 0T8

Legal Counsel

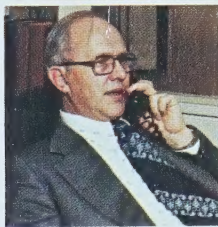
McLaws & Company
Sixth Floor
407 - 8th Avenue South West
Calgary, Alberta
T2P 1E6

Banking

The Canadian Imperial Bank of Commerce
309 - 8th Avenue South West
Calgary, Alberta
T2P 2P2

Stock Exchange Listing

The Toronto Stock Exchange
Symbol "PGE"





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